



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

January 21, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank
Charter Number 15623**

**1123 B Street
Schuyler, NE 68661**

**Office of the Comptroller of the Currency
Omaha South Field Office
13710 FNB Parkway, Suite 110
Omaha, NE 68154**

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

INSTITUTION'S CRA RATING

This institution is rated Satisfactory.

- First National Bank (FNB) has a satisfactory record of lending to farms and businesses of different sizes.

The distribution of agricultural borrowers reflects reasonable penetration among farms of different sizes. Based on 20 borrowers sampled, the bank's distribution of loans to farms with different revenues was comparable to demographic information on farms located in the assessment area (AA). Demographic information was obtained from the U.S. Census Bureau's 1997 Census of Agriculture.

The distribution of commercial borrowers reflects satisfactory penetration among businesses of different sizes. Based on 20 borrowers sampled, the bank's distribution of loans reasonably compared to demographic information on businesses located in the AA. Demographic information was obtained from the 2002 Business Geodemographic Data report.

- An analysis of the geographic distribution of loans was not applicable as the AA did not have any low or moderate-income geographies.
- The bank originated a majority of its loans in the AA.

For agricultural and commercial loans sampled, FNB originated 80% by number and 86% by dollar amount within its AA.

- The bank's average loan-to-deposit ratio since the last examination is reasonable.

FNB's average loan-to-deposit ratio over the past sixteen quarters met the standard for satisfactory performance. The bank's average loan-to-deposit ratio of 80% reasonably compares to the quarterly average of seven competing, similarly situated financial institutions chartered in the bank's AA. Those seven banks had an average loan-to-deposit ratio of 78%, with a range of 68% to 88%.

- FNB has not received any consumer complaints regarding its Community Reinvestment Act (CRA) performance during the evaluation period.
- An analysis of the 2000, 2001 and 2002 public comments and consumer complaint information was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted with the CRA evaluation this year.

DESCRIPTION OF INSTITUTION

FNB is an \$88 million institution located in east central Nebraska. The bank's primary products by both number and dollar amount are agricultural and commercial loans. FNB's main office and drive-thru are located in Schuyler. Additionally, the bank has full service branches located in Albion, Nebraska (59 miles northwest of Schuyler) and Howells, Nebraska (21 miles north of Schuyler). The bank also maintains a deposit-taking Automated Teller Machine in Schuyler and two cash dispensing machines in Albion and Howells, Nebraska. FNB received a "Satisfactory" rating at the last CRA examination dated September 15, 1998. There are no legal or financial factors that impede the bank's ability to help meet the credit needs of the AA. Refer to the bank's *CRA Public File* for more information.

DESCRIPTION OF ASSESSMENT AREA

The bank's AA encompasses all of Colfax and Boone Counties in Nebraska, which are comprised of five middle-income block numbering areas. Refer to the bank's *CRA Public File* for more information.